

USPS Proposed Service Standards Notes from August 29, 2007 Full Workgroup Meeting

The following notes were taken on August 29, 2007, on the USPS' Service Standards Review and Proposed Changes. To date, the USPS has not provided a copy of its presentation.

Please note that discussions continue relative to the USPS' proposal and a meeting has been scheduled for September 5 between USPS leadership and the MTAC workgroup # 114 leadership to discuss the issues being raised. Therefore, the below proposal from USPS could change based on those discussions and should not be considered final.

Please note that because of how the discussions flowed, there is information in the below notes in product-specific sections that applies to other products as well, so please review the notes in their entirety.

USPS Standards Review Process

Jeff Williamson, USPS, thanked the workgroup both for its input during the process and for driving the USPS to engage in this in-depth process. He acknowledged that back in March when the workgroup discussions around service standards began, many at the USPS considered the existing standards to be an accurate reflection of the USPS network capabilities, but the workgroup disagreed and pushed the USPS to go to the next level and look at the standards against today's network capabilities.

Mr. Williamson noted that the presentation he is giving the workgroup today will be given consistently to a variety of audiences over the upcoming weeks, including the Postal Regulatory Commission (PRC) on August 30, the USPS labor and management organizations next week, and Hill staffers the following week. The USPS wants all audiences to see the same thing, he noted.

He told the group to keep in mind that the process to this point has been "somewhat bumpy." He said this is still a proposal and there will be more opportunity for feedback, including an upcoming meeting with USPS Deputy PMG Pat Donahoe, and the *Federal Register* comment period in October/November. He advised that any concerns in the interim should be provided to the USPS to go into that process of review.

The law requires that by December 20, 2007, the USPS in consultation with the PRC, establish service standards for market-dominant products. There is a list of factors in the law that must be considered, and Mr. Williamson noted that the USPS could do more due diligence on some of those factors than on others.

The existing service standards consist of 850,000 3-digit Origin/Destination ZIP Code pairs. The business rules to establish most of the standards were formed in the 1970's. Mr. Williamson showed a slide illustrating the standards for Periodicals Mail going from the Washington DC area to other destinations in the country, to illustrate that for Periodicals, Standard Mail and to some degree Package Services, great circle miles were used to calculate the standards. That did not reflect transportation and the actual network capabilities from Point A to Point B, he noted. How does that translate into the USPS' capability to achieve those standards? The reality is they do not, he conceded.

The goals of the USPS' current standards review were to update business rules and standards to form ones the USPS can consistently achieve to provide customers the service they expect, and reflect the changes in the marketplace such as destination entry. Mr. Williamson noted that the existing 3-digit ZIP Code pair matrix does not integrate well with reflecting destination entry rates, particularly at the DSCF and DDU levels because it allows no distinction.

The USPS, in addition to the discussions through this workgroup, also factored in to its proposal the dialog from its monthly meetings with the PRC, discussions with other customers, input from the PRC notice and hearings, and the workgroup recommendations. The USPS has heard that customers want standards that are reliable, realistic attainable, but not 25 days long.

Jody Berenblatt asked that "affordable" also be included in that statement, which Mr. Williamson amended. He said that not adversely impacting costs and driving up postage rates is another factor the USPS has considered in forming this proposal. The USPS proposal looks at creating an efficient network to achieve standards at an affordable rate.

The USPS in performing the standards review also leveraged performance data available through Confirm, Delivery Confirmation, seeding tests, and industry data submitted by workgroup members. This information was used to help understand the network capabilities, Mr. Williamson emphasized, not to match standards against existing performance. The USPS looked at where bottlenecks exist and where it does not perform well to evaluate whether those situations were network capability issues or management/performance issues.

The USPS also took advantage of new technology and computer capabilities to update the standards, using the ability to model complex flows to determine days to delivery instead of just saying 100 miles=x.

Mr. Williamson reported that the USPS has gone through many iterations of this proposal because Postal Service leadership continually challenged the group to ask if they were sure it would take a day to do this or that, can't something be pulled out, what's the right way to move product versus how it may be done today. He said that achieving the proposed standards will require some operational

changes, and that the USPS does not expect to be able to achieve 98% on-time performance to the proposed standards right out of the box, but feels they are attainable over a reasonable time period.

Kathy Siviter, full workgroup co-chair, asked whether the “operational changes” the USPS envisions as necessary to attain the proposed standards would be costly, and Mr. Williamson responded that they would not. These changes would be outlined as part of the plan the USPS is required to submit to the PRC and Congress by June 2008.

Proposed Service Standards

Mr. Williamson said the business rules underlying the proposed standards are based on three principles:

- 1) Based on operations and logistics that reflect how the USPS moves products;
- 2) Established at the class level. He noted that establishing standards at a more granular level causes the USPS problems right now, but that does not mean it could not be considered in the future when more detailed performance data is available to support such distinctions. So, the proposal has, for instance, one standard for all Standard Mail shapes.
- 3) The ability to integrate end-to-end standards with destination-entry standards. The USPS did not want two different standards between the same 3-digit ZIP Code pairs for mail entered as drop-ship mail versus origin mail.

He noted that the existing logistics aspects of the USPS’ network also were taken into account in developing proposed standards for the non-contiguous U.S. locations.

The below are the service standard ranges proposed by the USPS for each product, entry type, and area shown.

	Dest. Entry	End-to- End	Alaska Dest Entry	Alaska End-to- end	Pacific Dest. Entry	Pacific End-to- end	Caribbean Dest. Entry	Caribbean End-to-end
FCM	N/A	1 to 3	N/A	2 to 4	N/A	1 to 4	N/A	1 to 4
Periodicals	1 to 3	2 to 9	2 to 4	3 to 21	1 to 3	2 to 23	1 to 3	2 to 23
Standard Mail	2 to 5	3 to 10	2 to 9	4 to 22	2 to 10	3 to 24	2 to 8	3 to 24
Package Svcs	1 to 3	2 to 8	1 to 7	3 to 21	1 to 8	2 to 23	1 to 6	2 to 23

Mr. Williamson reported that new Service Standards tools (ideally web-based, but that has not yet been determined) will be provided by the USPS, where the user would define the product, type of entry, and then specific entry point (from a drop down list) and destination point. The software then will display the service standard. In most cases the standards would be uniform nationally (e.g., Standard Mail DBMC would be 5 days from all DBMCs except for the non-contiguous U.S. locations and some other remote geographic locations), but in some cases there are geographic nuances (e.g., for Package Services the DBMC would be 3-4 days depending on the BMC, etc.).

Mr. Williamson quickly reviewed some slides that showed the break out of volume under the proposed service standards (Note: not all information from these slides was captured in the below notes...).

- For all domestic mail (not including true international, but including the non-contiguous domestic mail), 90% of the volume will fall in the 1-5 days service standards; 10% in 6-10 days, and less than 1% in 11+ days.
- For all domestic volume (all products) that is drop ship entered (excluding the non-contiguous U. S. locations), if the USPS achieved the proposed service standards 19.7% of the volume would be delivered in 1 day; 19.4% in 2 days; 37.5% in 3 days; 0.6% in 4 days; 11.9% in 5 days; 1.5% in 6 days; 4.3% in 7 days; and 3.9% in 8 days (notes did not capture the percentages beyond 8 days).

The group asked for clarification that the day mail is entered is counted as Day 0 in the illustration, and Mr. Williamson concurred. The day of induction is Day 0, and the counting methodology would be the same as is used today.

Mr. Williamson said the review was not about radical changes to adjust existing service standards to match USPS performance. He added that from a cost standpoint, the USPS does not believe these changes will be costly. To achieve the proposed standards, the USPS plans to use standardized operational methods so that at the entry facility, the right thing happens to move that mail. There will be operational adjustments and disciplines to keep all mail destined within the origin service area in the origin facilities, rather than letting that mail travel out of the service area and have to go through additional handling facilities then back to the origin service area. The USPS will develop new color code policies to align with achieving the standards, he noted.

Mr. Williamson also noted that the USPS plans to make transportation changes to achieve better density of mail flowing between network points. Products should share transportation where it is more efficient. He said he is not advocating mixing all the classes together, but if there is one truck going between two points, then all surface mail, regardless of product/class, should be put on that truck. That will lead to better efficiency and cost reduction for surface transportation. In some cases, it will help the

USPS move product sooner because there will be a full truck ready for dispatch earlier. The USPS is looking at areas of opportunity from transportation and processing standpoints to keep costs down and improve efficiency.

He also noted that the changes in operational discipline and efficiencies should dramatically improve the “tail of the mail.” Much of that mail is nonstandard flows that get out of the origin facility loop and take a long time to get back, he noted.

Ms. Siviter asked why the USPS can not live with different service standards within a product class, and Mr. Williamson said because there are working/mixed containers and even direct containers do not always travel faster. If there are not enough trucks, then adding a truck to meet the standard would add costs to the system. Just because the mail may be carrier-route presorted, that does not automatically translate into faster service. In some cases it will, but there is not enough data there now to support making that proposal. He said it is something that could be addressed in a future review of the standards when more granular performance data is available, but the USPS does not want to go in the wrong direction when establishing the baseline standards.

He emphasized that performance often will exceed the standard, based on mailer workshare. But for now, the USPS proposes standards at the class level as a first step.

The following cross-product issues were raised from meeting participants, with the USPS’ response as indicated:

- *The USPS’ proposed standards do not reflect the subgroup’s recommendations.* Industry participants expressed strong concerns that the USPS’ proposed standards do not take into account the recommendations formed by the product subgroups over the past 6 months of this process. The USPS said that in many cases its proposal does attempt to recognize the subgroup recommendations, for instance in the development of drop-ship entry standards versus origin-entry standards. The ranges proposed by the USPS also are consistent, in most cases, with those in the subgroup recommendations.
- *USPS lacks the data to fine-tune standards below the class level.* Mr. Williamson emphasized that the USPS is trying to establish standards where today there are no standards for many of these product. The operational disciplines to meet standards are not in the system today, he suggested, and having the standards and measurement will drive those behaviors. Service expectations should be considered along with the standards to yield the ultimate performance.

If the USPS consistently meets the standards, the ongoing review process would be a mechanism to more finely tune the standards in the future, but right now the USPS lacks the data to support those decisions. Mr. Williamson emphasized that the Postal Service supports the need for the ongoing review process as much as industry does.

- *Counting days for service standards.* Industry asked that if Periodicals were entered at an SCF by 5:00 p.m. on a Saturday, would Monday be the delivery day, and Mr. Williamson responded it would depend on whether the CET was met, and the delivery days for that product and counting methodologies, which the USPS does not expect to change. If the USPS only counted business days, which he stressed is not in the proposal at this moment, then the answer would be Tuesday, but under the existing counting methodology if the CET were met, it would be Monday.
- *USPS has access to more granular service performance data.* It was suggested that the USPS today has access to granular data on mail presort, entry and container level through Mail.Dat and other electronic manifest data, that could be used for development of service standards below the class level. Mr. Williamson said it gives information on what is inducted into the system, but not how that translates into better performance. Each USPS facility has different capabilities and those aspects need to be taken into consideration. The USPS can't say that across the board it can take a day out of the system for carrier route presorted mail because in some facilities that won't happen. There is not enough information today to make those decisions, he stressed.

Ms. Berenblatt asked why the USPS can't use industry performance data available from systems like Red Tag and DelTrack, and Mr. Williamson said there are Start-the-Clock issues. He emphasized again that the USPS believes that in many cases it will out-perform the standards, and that it can look at making adjustments in the future.

First-Class Mail

The USPS said it does not anticipate any changes in today's business rules for First-Class Mail (FCM) because those standards and business rules have been updated over the years and the USPS believes the existing standards are attainable. Does that mean they are always attained today? No, there are adjustments needed, but the USPS believes if it holds constant to business rules around its network capabilities, no change is needed. The only change in standards for FCM proposed are for the non-contiguous U.S. locations, which will be discussed later.

The USPS said that for all domestic First-Class Mail volume (including the non-contiguous U. S. locations), 99.5% would fall into the proposed 1-3 days service standards, and 0.5% would fall into the proposed 4-day service standard.

[Note: according to the USPS presentation to the full workgroup on February 21, 2007, under the existing service standards roughly 25 percent of First-Class Mail volume falls into the overnight service standard; 22 percent falls into the 2-day service standard; and the remaining 50 percent (roughly) falls into the 3-day service standards.]

Periodicals

The USPS proposes that the service standards for Periodicals be 1-3 days for destination entry (DDU = 1 day, DSCF = up to 2 days, and DBMC = up to 3 days). For origin, end-to-end Periodicals, the standards would range from 2-9 days (not including the non-contiguous U.S. locations which would have standards based on the 3-digit ZIP Code pairs).

The USPS said that for all domestic Periodicals Mail volume (including the non-contiguous U. S. locations), 92.3% would fall into the proposed 1-4 days service standards, and 7.3% would fall into the proposed 5-9 day service standards.

[Note: according to the USPS presentation to the full workgroup on February 21, 2007, under the existing service standards roughly 95% of Periodicals Mail volume has a service standard of 3 days or less, with the service standard for nearly 80% of Periodicals being 1 day.]

Mr. Williamson showed a mail flow illustration for Periodicals that shows each facility/process that mail could flow through depending on presort level and entry. This potential end-to-end matrix illustrates all the different potential handling points for all mail shapes. It was emphasized that the illustration in many cases describes potential or alternate handline steps, so the days shown will not always add up to the maximum service standard range.

For Periodicals, there are two types of flows from an end-to-end standpoint, the Periodicals that get merged with FCM at origin with common destinations, and the flow that is mixed ADC that needs to be processed at origin then flow end-to-end through the system.

Mr. Williamson cautioned that the USPS believes it can not set standards on where the preponderance of volume occurs, but must set the standard based on handling mixed Periodicals bundles (for instance) at the origin that must flow through the system. So, as a general rule, he noted, origin-entered Periodicals in L201 list are FCM +1 day from origin. L009 list Periodicals are an additional day to

process. He discussed some of the potential handling points, showing on the illustration where processes could occur.

Mr. Williamson noted that forming the business rules this way will allow the USPS to more easily make changes in the future. For instance, he noted that the illustration shows how FSS could be factored in to the mail flow.

The USPS looked at the Periodicals mail flow for every combination of 3-digit pairs, calculation standards based on actual transportation time and the appropriate flow. The same generic flow allows mailers that enter products at the DSCF to expect 2 day delivery, and allows integration of origin and drop ship entry standards, he noted. The way the original business rules were designed, integrating drop ship standards would result in no distinction between facilities within a 3-digit O/D pair (e.g., the same standard whether the mail was dropped at the ADC, SCF or DDU within that 3-digit ZIP Code area).

The following Periodicals Mail issues were raised from meeting participants, with the USPS' response as indicated:

- *Periodicals standards vs. Package Services for DSCF mail.* Industry asked why the USPS is proposing 1 day from the SCF for Package Services, but 2 days from the SCF for Periodicals. Mr. Williamson responded that packages entered at the SCF must be 5-digit presort, so there is no work content. For Periodicals, if the mailer drops a 3-digit bundle at the SCF, there is a day to process that mail at the SCF, and under today's environment, the DDU has a day to curtail for delivery if necessary. He noted that when FSS is deployed, there could be an additional processing step for some Periodicals that flow from the SCF to the FSS site. That won't happen in all cases, he noted, for instance daily newspapers dropped at the SCF in the morning would not do that. But the USPS needs to take into account every possible mail make-up in establishing class-level standards.

Dennis Farley, Periodicals subgroup co-chair, repeated that if the USPS leadership challenged the group to go with 1 day service from the SCF for Package Services, why not for Periodicals. Mr. Williamson said that with Parcel Select, the USPS has more data about parcel performance. Even though that data may show 45% on-time service for end-to-end retail parcels, the drop shipped parcel scores are in the 90's (high 90's for DDU, low 90's for DBMC, not much product entered at DSCF so not as much data). Information like that helps the USPS know it is achievable.

Mr. Williamson said the USPS wants to expedite all products, and is not just arbitrarily adding days to the standard. The USPS mapped out all the different mail flows and looked at how long it takes, what facilities have to do, and typical dispatch profiles.

Mr. Farley stressed that adding a day for SCF Periodicals standards hurts time-sensitive mailers, it is a backwards step in terms of service commitment from the USPS for Periodicals. Mr. Williamson reiterated there will be a difference in many cases between the standard and USPS performance. The USPS does not expect daily newspapers dropped at the SCF to take 2 days, he noted, but the USPS needs to factor in the standard all Periodicals Mail dropped to the SCF.

- *2-day standard for DSCF carrier route presort Periodicals?* The group asked for clarification that the USPS is proposing a 2-day service standards for CR presorted Periodicals dropped at the destination SCF, and Mr. Williamson concurred. The reality of the service performance often is 1 day, he noted, and the USPS is not planning on that changing, but the standards need to be based on the possibility that much Periodicals mail entered at the SCF needs to be worked. If the standards were set to preponderance of the volume, he said, then everything else would fail. So even if 70% of Periodicals entered at the SCF are CR presorted, the USPS would get a 30% failure on the rest if using the same service standard that did not recognize the need for that additional day for processing that mail.

When mail can be tracked using Intelligent Mail, he noted, the USPS can continue to standardize mail flows. Today, in a data environment with billions of scans, trying to figure out non-standard flows is very difficult. Once more standardization is achieved, the system can tell the USPS when pieces did not conform to the standard flow.

- *Is USPS eliminating 1-day service for Periodicals except DDU?* Industry asked if the USPS is eliminating 1 day service standard for all Periodicals Mail dropped at the SCF (except DDU-entered Periodicals), and Mr. Williamson concurred, saying the USPS still may beat the standard. He emphasized that the USPS does not plan to change its existing service performance for Periodicals, so where 1 day service is being achieved today, that should continue. Industry suggested that the USPS may have difficulty maintaining the existing level of operational discipline when training is based on meeting a 2-day standard.

Standard Mail

The USPS proposes that the service standards for Standard Mail be 2-5 days for destination entry (DDU = up to 2 day, DSCF = up to 3 days, DADC = up to 4 days and DBMC = up to 5 days). For origin, end-to-end Standard Mail, the standards would range from 3-10 days (not including the non-contiguous U.S. locations which would have standards based on the 3-digit ZIP Code pairs).

The USPS said that for all domestic Standard Mail volume (including the non-contiguous U. S. locations), 80% would fall into the proposed 2-5 days service standards.

[Note: according to the USPS presentation to the full workgroup on February 21, 2007, under the existing service standards roughly 80% of Standard Mail volume has a service standard of 3-5 days.]

Mr. Williamson noted that for Standard Mail, the USPS does not want the various facilities to think the product can be deferred at every step – the deferability has been built into the total range. The discipline will reflect that, he noted, otherwise facilities will continue to think they can defer the product every step of the way.

The following Standard Mail issues were raised from meeting participants, with the USPS' response as indicated:

- *Range of delivery days needed.* Industry stressed that it needs a range of delivery days, as included in its subgroup recommendations. Mr. Williamson clarified that there is an implied range of days in the USPS' proposed standards (e.g., DBMC = 5 days means up to 5 days, etc.). The ranges also encompass the operational and performance differences between shapes within a product (e.g., letters vs. flats vs. parcels), he noted. The standards are based on what the USPS believes it can consistently meet for all shapes within that product, but in many cases the USPS expects to do better than the standard, particularly for some product shapes.
- *DBMC service standard is too broad a range of delivery days.* Industry stressed that a predictable delivery window is critical to their business needs. A range of 0-5 days, for instance, is too broad. If the standard is 5 days, performance that consistently is achieved in 2 days would adversely impact post mailing activities. Early delivery is as problematic as late delivery, in many cases, for Standard Mail users.
- *Consistent national standards needed.* Industry noted that Standard Mail users need standards that are consistent nationally, not different for each DBMC. Mr. Williamson noted that the general standard proposed is up to 5 days for the DBMC, but there are

some geographic areas where that can not be achieved for every 3-digit ZIP Code pair, so there are exceptions, which largely are the non-contiguous U. S. and other remote geographic locations. The total volume for those areas is less than one percent, he noted. Otherwise, the standard would be consistent on a national basis.

- *Seasonality.* Industry asked if the USPS would include any seasonality adjustment for Standard Mail service standards, as proposed by the subgroup. Mr. Williamson responded that the USPS considers that a measurement component and does not want to adjust its business flows. The USPS can adjust for seasonality in performance goals or the measurement of Standard Mail service, but does not want to communicate any different operational disciplines to its facilities during the fall mailing season. That comes with some challenges, he acknowledged, but the USPS thinks it can accommodate seasonality in measurement.

Package Services

The USPS proposes that the service standards for Package Services be 1-3 days for destination entry (DDU = 1 day, DSCF = 1-2 days, and DBMC = 2-3 days). For origin, end-to-end Package Services, the standards would range from 2-8 days (not including the non-contiguous U.S. locations which would have standards based on the 3-digit ZIP Code pairs).

The USPS said that for all domestic Package Services volume (including the non-contiguous U. S. locations), 80% would fall into the proposed 2-5 days service standards.

[Note: according to the USPS presentation to the full workgroup on February 21, 2007, under the existing service standards roughly 85% of Package Services volume has a service standard of 4 days or less and about 65% has a service standard of 2 days or less.]

Mr. Williamson noted that the Package Services mail flow illustration is similar to Periodicals, but more complex because it includes the ASF and also because it illustrates up front that the USPS expects the origin P&DC to keep their turnaround product. The USPS wants to start reducing the non-standard mail flows. If the USPS does not force this discipline, he noted, the product goes from the origin/destination service area in 4 days because it goes through 4 locations, for example. He noted that there is some functionality that may need to be put back into plants to accomplish this, but the USPS thinks it is the right flow.

From the BMC standpoint, the flow is a bit different and more aggressive, he noted, than what exists today. "We were pushed hard by Pat to try and make it in one day from the SCF to delivery," he noted. With the right discipline, the USPS thinks that is attainable. It allows the USPS to tighten up on

Package Services standard ranges as well as give a smaller window for destination entry products. Mr. Williamson also noted that the drop ship and origin-entry standards integrate at the point the mail flows together.

Non-Contiguous U. S. Locations

Mr. Williamson noted that the USPS' proposed standards for non-contiguous U. S. locations reflect the transportation and network capability realities. The USPS recommends setting the service standards (and measurement) for these locations based on the "port of entry" (e.g., major city within that geographic area) because beyond that point it could be a case of a boat every two weeks or less frequently and that represents too much variance in the standard range. These situations are more dramatic with Guam and Honolulu, he noted, but in some cases that could add an additional 12-13 days, which would make the service standard ranges over 48 days in some cases. So, for instance, the service standard for FCM would be 4 days to San Juan, but not to St. Thomas.

He noted that the USPS plans to present and discuss the non-contiguous U.S. location proposals with the appropriate constituencies on the Hill in the next few weeks. The USPS may upgrade some of the standards for destination entry mail within cities such as Anchorage, he noted, but USPS proposing changing the rest to reflect the existing network capabilities.

Critical Entry Times (CETs)

Mr. Williamson reported that the Postal Service is reviewing Critical Entry Times (CETs) as part of the measurement aspects of service standards. It is important to link the CETs to the start-the-clock, but in terms of establishing service standards, he noted, the USPS does not need to take into account the specific CET to calculate the standards.

For the same reasons the USPS wants to standardize mail flows, he said, it wants to establish national CETs for certain products entered both at origin and at destination facilities. The USPS is still working through its CET proposals, he reported, and there is much that still needs to be resolved on the measurement side.

The USPS plans to include the specifics of its CET proposals as part of the network plan it submits to the PRC/Congress by June 2008. The USPS understands that CETs affect customer expectations.

The USPS plans to propose establishment of nationally standardized CETs for Package Services, Standard Mail and monthly Periodicals. For First-Class Mail and time-sensitive (daily/weekly) Periodicals, locally-developed CETs would apply. The USPS plans to make the CET data accessible to mailers, he reported, although the specific source for the data has not yet been decided. It would

make sense to have the CET data in a similar source as the service standards data, Mr. Williamson noted, but the USPS is not yet sure where the latter will reside either.

Ongoing Review Process

Mr. Williamson commended the workgroup for all its efforts, on both sides, and said it is important for the Postal Service to have a process to continue this type of work. The USPS also is glad to have established a process for updating business rules in the future to determine changes in service standards as the environment may change.

The USPS proposes that for ongoing maintenance of the service standards (e.g., minor or temporary changes to the network), the existing quarterly update process continue, with some changes to the notice and customer feedback opportunity processes similar to what is recommended by the workgroup.

For more significant changes, the USPS proposes a review process that would occur a minimum of every three years, although the USPS recognizes a review may be appropriate sooner than that particularly over the next few years. This in-depth review would look at network capabilities and events that have occurred since the last in-depth review in order to re-evaluate the business rules. Industry input in the existing process has been valuable, Mr. Williamson noted, so the USPS envisions a similar forum in the future.

In terms of publishing changes to service standards, the USPS is unsure as to the exact mechanism, but wants transparency and ease of use for customers. The USPS is looking at web access, and has heard the concerns about its existing deficiencies in identifying changes to service standards clearly.

Mr. Williamson said that any other suggestions on the review process or identifying changes in services standards should be provided to the USPS.

Industry asked what takes priority in the future – the established standards or potential network changes? Cost efficiencies should be taken into consideration as well. Mr. Williamson said that the USPS in the future will be held under a rate cap, but would take the service and cost aspects of its network seriously. First the USPS wants to create cost-efficient networks, and in the future there could be adjustments to service as a result of network changes, but the first thing the USPS always does is look at the service impacts of any change.

Next Steps

Mr. Williamson reported that the specific 3-digit ZIP Code pair service standards will be included in the *Federal Register* notice in October/November, and likely will be provided by CD. The workgroup stressed that ease of use in identifying changes from the existing standards would be critical to their ability to provide meaningful comments.

The USPS stressed that it is entering the consultative process with the Postal Regulatory Commission over the next few months and all of the input received through a variety of venues will be considered in that process, including the workgroup's recommendations, the USPS' proposals, feedback from other constituencies as part of the PRC's notice and comment, etc. The end result of the consultative process on service standards will be what is contained in the *Federal Register* notice to be published in October.

The USPS noted that its presentation may not be released to the workgroup until subsequent briefings have been completed.